GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:1982
ANSWERED ON:29.11.2002
RULES FOR BUY BACK OF SHARES
PRABHA RAU

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether prior consent of the share holders has been made mandatory for the companies intending to buy-back its share;

(b) if so, the details thereof;

(c) whether number of companies have gone into liquidation after raising large amounts through the public issue;

(d) if so, the number of such campanies during each of the last three years; and

(e) the concrete steps have been taken by the Government to protect the interest of the investors?

Answer

MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH)

(a) & (b): Yes, Sir. Under Section 77A of the Companies Act, if the buy-back of shares, in any year, is higher than 10% of the paid-up capital and free reserves, the prior approval, by a Special Resolution, of the shareholders is required.

(c) to (e): The Department of Company Affairs does not separately maintain information on listed companies under liquidation..